

MINUTES OF THE APRIL 12, 2002 DRINKING WATER BOARD MEETING  
HELD IN PLEASANT GROVE, UTAH

Board Members Present

Dale Pierson, Vice Chairman  
Anne Erickson, Ed.D.  
Dianne Nielson, Ph.D.  
Don Hayes, Ph.D.  
Jay Franson  
Myron Bateman  
Chris Webb

Guests

Lynn Wall, Kanosh Town  
Thayne Christensen, Kanosh Town  
Chuck Jeffs, Rural Water Association  
Ben Davidson, Monte Vista Water Company  
Gary Durrant, Metropolitan Water District  
David Gardner, Draper Irrigation Water Company

Staff

Board Members Excused

Boyd Workman, Chairman  
Nancy Melich  
Ruth Perry

Kevin Brown  
Michael Georgeson  
Bill Birkes  
Ken Wilde  
Linda Matulich

ITEM 1 - CALL TO ORDER

The Drinking Water Board convened in Pleasant Grove, Utah with Vice Chairman Pierson presiding. The meeting was called to order at 1:15 p.m.

ITEM 2 - ROLL CALL

Vice Chairman Pierson asked Kevin Brown to call roll of the Board members. The roll call showed there were 5 members present at the time.

ITEM 3 - INTRODUCTIONS

Vice Chairman Pierson welcomed everyone and asked the guests to introduce themselves.

Don Hayes and Dianne Nielson joined the meeting.

ITEM 4 - APPROVAL OF MINUTES

Vice Chairman Pierson stated a motion to approve the March 1, 2002 minutes would be in order.

Dale Pierson commented on page 3 under item 2) State SRF Applications a) Enoch - it reads: "Dale Pierson moved the Board.....". **It should read: [Richard Roper moved the Board .....** On page 3 under item b) Angell Springs - it reads: "Dale Pierson seconded." **It should read: [Richard Roper seconded.]** On page 4 under c) Garden City - it reads: "Dale Pierson seconded.: **It should read: [Richard Roper seconded]**".

Mike Georgeson commented on page 2 under Item 5 - 1) Status Report - in the first paragraph - the second line reads: "..... \$144,700 in the Security Account.....". **It should read: [..... \$644,700 in the Security Account.....]**.

**Chris Webb moved the Board approve the March 1, 2002 minutes with the above stated changes.**

**Anne Erickson seconded.**

**CARRIED  
(Unanimous)**

#### ITEM 5 - STATE REVOLVING LOAN FUND (SRF)/CONSERVATION COMMITTEE

##### a) SRF/Conservation Report

Vice Chairman Pierson turned this portion of the Board meeting over to Don Hayes to Chair.

##### 1) Status Report

Michael Georgeson reported the Board has a little more than \$2,000,000 available in the Security Account, \$337,000 in the Secondary Account, and \$244,000 in the Hardship Grants Account for a total of \$2,597,000.

Mike mentioned the Board has \$6.9 million available in the Federal SRF Account in money that has not been authorized for projects yet.

Mike mentioned staff closed loans' for Wales, Milford, Minersville, and Spanish Valley. Staff has scheduled Draper Irrigation to be closed on April 19, 2002, pending action of the Board today. Staff has scheduled Price City to be closed on May 14, 2002. Price City's bids came in under the \$15,000,000 original estimate. Pleasant Grove is scheduled to be closed on April 24, 2002. Emigration Canyon's project is moving ahead. There are some comments in the program notes on Emigration Canyon. Duchesne City is working diligently toward their loan closing. There is a paragraph in the program notes about Daggett County's project. Wendover City has a cost overrun of about \$240,000 on their project. \$240,000 is for the Three Phase Power, which is the last half mile

of the project. The BLM is requiring Wendover City to bury the line, which was not included in the estimates. There is some money left over from the reservoir project which can help. Wendover City is short about \$230,000 to \$250,000 on finishing the project. If the Board so desires, staff could have something prepared for the Board meeting next month requesting a short term loan of \$250,000 to be repaid when the Rural Development Administration gets their funding straightened out. The \$250,000 would be split with the Rural Development Administration. The short term loan would allow Wendover City to continue with the project.

Mike mentioned staff has a state loan's fund forecast included in the packet. The forecast shows the Board what the impact the Legislature's recent actions will be on the program.

Discussion followed.

## 2) Revised 2000 Rate and Needs Study

Mike mentioned staff reported at the last Board meeting the rate average was \$28.30. The correct average is \$30.13. The 2001 information has been entered, but Tim has been heavily involved in the data migration of the computer system for the Division. Tim will work on completing the Rate and Needs Study after the data migration has been completed.

Mike said per the SRF Conservation Committee's request, there are three paragraphs included in the Rate & Needs Study report which describes where the 1.75% median adjusted gross income comes from. In the staff's analyses of the communities' income level, staff found that 1.75% of the median adjusted gross income was approximately the same as the annual water bill of 1.25% of the median household income. Mike gave some further background information on the Rate and Needs Study.

Discussion followed.

## 3) Additional Revisions to R309-700 and 705

Mike reported on the additional revisions to Rules R309-700 and 705 in trying to cover the regionalization concerns in applications that are presented to the Board for systems that aren't able to regionalize in their area. Rule 700 is for the state program. Rule 705 is for the federal program. The rules state if regionalization is not possible, and with the Boards approval, staff won't count the regionalization section in with the points.

Discussion followed.

Myron Bateman stepped out.

**Dale Pierson moved the Board authorize staff with rulemaking on the additional revisions to R309-700 and 705.**

**Dianne Nielson seconded.**

**CARRIED  
(Unanimous)**

**4) SRF Grant Application and Intended Use Plan for Federal Fiscal Year 2002**

Myron Bateman returned to the meeting.

Kevin Brown reported that on an annual basis staff has to make an application to EPA Region VIII for the SRF Funding. There are two documents that have to be sent to EPA, 1) the Grant Application and 2) the Intended Use Plan. Kevin briefed the Board on the SRF Grant Application and the Intended Use Plan documents.

Discussion followed.

Don Hayes had a question on page 8, under item 13, the last line - the last sentence reads: "The next regularly scheduled Board meeting is April 13, 2001." Should the sentence read: "The next regularly scheduled Board meeting is April 12, 2002."? **The sentence will be changed to reflect the correct date.**

**Chris Webb moved the Board recommend approval of the SRF Grant Application and the Intended Use Plan for Federal Fiscal Year 2002 and authorize staff to submit the two documents to EPA Region VIII with the above mentioned change.**

**Myron Bateman seconded.**

**CARRIED  
(Unanimous)**

**5) State SRF Applications**

**a) Kanosh Town - Loan Application**

Bill Birkes mentioned Kanosh has submitted an application to the Board to help in the construction of a storage tank and distribution system improvements. The project is estimated to cost \$395,000. The town has \$20,000 they can contribute toward the project. Kanosh has requested \$90,000 from the Community Impact Board in the form of a Community Development Block Grant.

The town is requesting \$285,000 from the Drinking Water Board. Bill gave some background information on the project.

Lynn Wall and Thayne Christensen, Kanosh's representatives, addressed the Board.

Discussion followed.

**Myron Bateman moved the Board authorize the SRF/Conservation Committee's recommendation of a loan for \$285,000 to Kanosh for a term of 20 years at an interest rate of 3.19%.**

Discussion followed.

**Chris Webb seconded.**

**CARRIED  
(Unanimous)**

#### 6) Federal SRF Applications

##### a) Draper Irrigation - Change of Scope

Ken Wilde commented the SRF/Conservation Committee has made a recommendation to the Board for approval of a Change of Scope for Draper Irrigation's project.

David Gardner, Draper Irrigation representative, addressed the Board. Mr. Gardner gave some background information on what has been happening on their project.

Discussion followed.

**Myron Bateman moved the Board authorize the SRF/Conservation Committee's recommendation of a Change of Scope for Draper Irrigation's project.**

**Anne Erickson seconded.**

**CARRIED  
(Unanimous)**

## b) Monte Vista - Loan Application

Ken Wilde reported Monte Vista has requested a loan from the Board for \$354,000. Monte Vista needs to build a storage tank and replace the small water lines in their system so they can have adequate pressure and fire flow. Monte Vista would also like to drill a well so they can have a backup well in case one goes down. The calculations were made based on a 20-year loan at 3.58%. Staff received some information from Rural Development the day before the packets were mailed out to the Board. Rural Development will probably put in more than \$375,000 and go with a 50/50 grant/loan mix, with the interest rate of the loan being at 4.50%. Monte Vista qualifies for principal forgiveness. The SRF/Conservation Committee has recommended a 20% principal forgiveness. Monte Vista would repay the \$283,000.

Ken reviewed the information in the packet on Monte Vista's project. Ken went over the information on page 3 in the packet. Based on the 47 homes, with a 50/50 loan grant from Rural Development and a 20/80 principal forgiveness on the loan repayment, Monte Vista would still be paying 2.54% of their MAGI in monthly payments. Monte Vista feels that would be a hardship on their customers, and they would like to have some additional principal forgiveness on their loan request. Monte Vista does have the authority to require the owners of the 13 vacant lots to also pay on the loan. The monthly fee would be about \$42.

Ben Davidson, Monte Vista representative, addressed the Board. After the packet was put together for the Drinking Water Board, Rural Development came back to Monte Vista saying they would be able to come up with \$457,920, of which \$121,000 would be a loan, \$336,920 would be a grant, leaving \$271,000 from the Drinking Water Board, of which \$121,000 would be a loan and \$150,000 would be a grant. Rural Development is looking at if the Drinking Water Board could match the loan amount, increasing the grant amount then that would keep Monte Vista within 1.75% median adjusted gross income recommended by the state.

Discussion followed.

Chris Webb recommended the Board stay with the SRF/Conservation Committee's recommendation and not go over the 20% capping of the principal forgiveness the Board has set.

Jay Franson asked about the amounts on the chart on page 3.

Chris Webb mentioned if the Board approved the loan at \$271,000 it would break down to a 20/80 mix of a \$217,000 loan and a \$54,000 grant. Or would Monte Vista rather the Board approve up to \$354,000 at the 20/80 mix or just approve the \$271,000?

Ken Wilde mentioned Monte Vista wouldn't have to take the loan out for the full amount if they get the additional funding from Rural Development. Monte Vista could decide at that time.

Ben Davidson mentioned on going ahead with the \$354,000 with the 20% principal forgiveness.

**Myron Bateman moved the Board authorize a loan up to \$354,000 with 20% principal forgiveness at 3.58%**

**Chris Webb seconded.**

**CARRIED  
(Unanimous)**

c) Project Priority List Revisions

Ken Wilde mentioned Water Resources and Rural Development are helping with the funding of Trenton's project. Trenton mentioned there will not be enough money to help them out on their project, even with Water Resources and Rural Developments help. Trenton has asked for help from the Drinking Water Board. The Project Priority List has been adjusted to meet Trenton's request. Monte Vista's score was adjusted on the Project Priority List. There is a request from Johnson Water District on the Project Priority List.

Ken mentioned the SRF/Conservation Committee is requesting approval from the Board to adopt the revised Project Priority List.

**Dale Pierson moved the Board approved the SRF/Conservation Committee's recommendation of the revised Project Priority List.**

**Dianne Nielson seconded.**

Discussion followed on some concerns with some of the projects on the Project Priority List that have been on the list for a while and have not requested any help yet. There are some projects that could be listed as inactive, but kept on the list. This way other entities could be helped out in the meantime and not have to wait.

**Anne Erickson moved to amend the motion for the Board to approve the SRF/Conservation Committee's recommendation of the revised Project Priority List as shown, but to request staff to consider a new category to be called "inactive" or possibly "not ready" to indicate systems that are on the priority list that are not prepared to go forward, possibly in the near future, and for staff to come back to the Board with a suggestion on how that is implemented at the next Board meeting.**

**Dale Pierson seconded.**

Discussion followed on what the word “inactive” means.

**CARRIED**  
**(Unanimous)**

**ITEM 6 - R309-600 DRINKING WATER SOURCE PROTECTION FOR GROUND WATER**  
**SOURCES FIVE-YEAR REVIEW**

Dale Pierson reported this is a new agenda item.

Kevin Brown mentioned Sumner Newman, checked with the Division of Administrative Rules, since staff wasn't notified in time of bringing the rule to the Board to go through the normal rulemaking process for the five-year review period. Staff found out the need to renew this rule on March 26, 2002 and the ending date on the rule was set for April 9, 2002. This didn't leave staff any time to go through the process of filing the application to keep the rule in place for Board approval. Kevin said staff is asking for concurrence for filing the rule to keep the rule in place. Staff would like to use the Board meeting today as a public hearing.

Dianne Nielson asked Kevin if staff needs an emergency approval of the rule right now to have it in effect while staff goes through the normal rulemaking process.

Kevin said staff can have the emergency approval of the rule right now or the Board could make a motion to ratify the form in the packet that has already been sent to the Division of Administrative Rules requesting to continue on. On the five-year Review period process, we don't need to go out for public process as long as the Board has taken action in a public meeting to authorize the rule as it stands with no changes.

Discussion followed.

**Dianne Nielson moved the Board have the Division advertise a Board meeting on Tuesday, April 16, 2002, for the R309-600 Drinking Water Source Protection for Ground Water Sources five-year Review. Staff will notify the public 24 hours prior to the meeting of the Boards attempt to consider an emergency rulemaking on the adoption of Rule R309-600. The Division will also proceed with the rulemaking that is underway for comments and to come back to the Board at the end of 30 days. At that time, staff will ask the Board for the normal rulemaking process approval. In the meantime, the emergency rule can be in place.**

**Chris Webb seconded.**

**CARRIED**



**(Unanimous)**

**ITEM 7 - CHAIRMAN'S REPORT**

- a) Resolution Opposing the Reduction of the 1/8% Sales Tax that is Used for Highway, Water and Wastewater Construction Projects in the State of Utah

Vice Chairman Pierson mentioned Chairman Workman was in a severe automobile accident in March. Chairman Workman survived the accident. His wife and mother-in-law did not. Chairman Workman is doing well. Chairman Workman sends his thanks and appreciation to the Board members and Division staff.

Vice Chairman Pierson mentioned Kevin and he met with Larry Anderson, Water Resources; Lucille Taylor, Chair, Water Resources Board; K.C. Shaw, Chair, Water Quality Board; Commissioner Cary Peterson, Chair, Soil Conservation Commission, Bob Morgan, Director of Natural Resources, Dennis Strong, Water Resources, and others and asked the Chairmen of the funding agencies to get together to talk about the 1/16% Sales Tax.

There are two Resolutions under this tab item, one was passed by the Utah Water Users Association and the other one was passed by the Rural Water Association of Utah regarding the 1/16% Sales Tax. Also, attached is a letter from the Board of Water Resources.

Vice Chairman Pierson went over the attachment items under tab 7 and the meeting held with the other water entities on the 1/16% Sales Tax issue. The final outcome from the meeting was that we would not go to the Governors' office at the present time. We agreed for now, probably for the best means to work to keep the 1/16% Sales Tax money coming to us is working with the Legislature. The Water Coalition Group plans to meet in conjunction with the May Interim Committee meeting to put a strategy together to make this work. The Rural Water Association of Utah is working on a study of the water and wastewater needs in the State of Utah and hopes to have the study ready by the end of June for the Board to review.

Vice Chairman Pierson passed around a couple of cards to be signed for Boyd and if anyone would like to go in on a gift basket.

Vice Chairman Pierson went over the drought concerns that are facing Utah this year. Water conservation will be a big issue this year.

Discussion on possible water conservation activities and programs for the state followed.

Vice Chairman Pierson asked staff to possibly write a letter to the Larry Anderson, Water Conservation Committee, under Chairman Workman's signature on possible activities and programs to do around the state this year on water conservation.

Bill Birkes mentioned staff could possibly publish this on the Divisions web page.  
ITEM 8 - DIRECTORS REPORT

a) Large System Vulnerability Assessments

Kevin Brown reported EPA is in the process of receiving grant applications from about 450 of the largest water systems in the country that serve more than 100,000 population. Utah has seven systems in that category. Congress authorized \$83,000,000, of which about \$56,000,000 is going to the large water systems in the country. The money allotted per system will be about \$115,000. Because of the Olympics in Utah, most of the large systems have already done most of the work.

b) June 3 - 5, 2002 Water Security Conference

Kevin Brown mentioned EPA Headquarters, ASDWA, and some other agencies are putting together a water security conference in Salt Lake City. It is primarily for the Safe Drinking Water Administrators across the country that will come in and get an idea of what we have done in Utah in preparation for the Olympics. The meeting is also for state people to come in and get an idea of how we work with the federal government, the local governments and the law enforcement people to put together a rather comprehensive security plan for water systems. The Board members are welcome to attend. Kevin will keep the Board informed on the conference.

c) Budget

Kevin Brown said staff is ending the year in a slight deficit. Every year we budget for vacancy savings for retirements, quits, transfers, etc. It takes a while to recruit to fill the position and to get positions filled. This year, we didn't have any vacancy savings. We aren't anticipating any vacancy savings. As a result, we are going to head into next year with about a \$25,000 shortfall.

Kevin said we have been authorized 5 new FTE's by the Legislature to start on July 1, 2002. We are looking at having the 5 new FTE's on board by August 1, 2002. We will have the month of July for vacancy savings to help make up for some of the shortfall going into next year.

Discussion followed.

Kevin mentioned Congress is in the process of redoing the federal loan program to allow for some security money to be given. This will help the water systems out.

d) April 15 - 16, 2002 Planning Retreat

Kevin Brown reported on April 15 - 16, 2002 there will be a Division Annual Planning Retreat. The Board members are invited to attend the retreat and to offer comments and ideas for the goals for next year.

Kevin mentioned Mayor Roper is not on the Board any longer. Mayor Charlie Roberts, Tooele City, has been nominated. His nomination has been forwarded to the Senate for approval on April 24, 2002.

ITEM 9 - NEWS ARTICLES

News articles are in the packet.

ITEM 10 - LETTERS

Letters are in the packet.

ITEM 11 - UPDATE

Update is in the packet.

ITEM 12 - NEXT BOARD MEETING

The next Board meeting will be held on May 10, 2002 in Tremonton, Utah. Chairman Workman may be able to be back to the May Board meeting.

ITEM 13 - OTHER

No other business.

ITEM 14 - ADJOURN

Vice Chairman Pierson stated a motion to adjourn the Board meeting was in order.

**Don Hayes moved to adjourn the Board meeting at 3:10 p.m.**

**Myron Bateman seconded.**

**CARRIED  
(Unanimous)**

Linda Matulich  
Recording Secretary

